

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7849

BILL NUMBER: HB 1551

NOTE PREPARED: Feb 13, 2007

BILL AMENDED: Feb 12, 2007

SUBJECT: Political Expenditures.

FIRST AUTHOR: Rep. Avery

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Public Advocacy Organizations* - The bill provides that a person covered under Section 527 of the Internal Revenue Code or a public benefit organization that spends at least \$50,000 a year on communications urging the general public to act to influence legislative action is a lobbyist.

Lobbyist Activity Reports - The bill requires such a person or organization to register as a lobbyist and report certain information.

Political Contributions - The bill provides that the Governor, Lieutenant Governor, Secretary of State, Auditor of State, Treasurer of State, Superintendent of Public Instruction, Attorney General, and the candidate's committee of an individual who holds any of these offices may not solicit or accept campaign contributions from the first session day in January of an odd-numbered year through the day the General Assembly adjourns sine die in an odd-numbered year.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *Public Advocacy Organizations* - The Commission would have additional registration filings to process, but the additional filings could be processed within the level of existing resources.

Lobbyist Activity Reports - The bill would require the Lobby Registration Commission to revise their lobbyist activity reports. Revision of these reports would likely be accomplished with minimal expenditure. Costs for revised forms would likely be minimal, as these reports are currently available electronically on the

Commission's website for individual printing.

(Revised) *Penalty Provision* - Additionally, violations concerning registration statements, activity reports, or other prohibitions on these organizations are unlawful lobbying, a Class D felony. There are no data available to indicate if more offenses would be committed if persons covered under Section 527 of the Internal Revenue Code or a public benefit organization that spends at least \$50,000 a year on certain communications are included.

A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class D felony offenders is approximately ten months.

Background on the Lobby Registration Commission - The Indiana Lobby Registration Commission is appropriated \$218,395 for FY 2007 by the General Assembly. The Commission reverted \$2,380 in FY 2006.

Explanation of State Revenues: *Public Advocacy Organizations* - If additional filings occur, lobby registration fee revenue would increase. The current annual fee for filing is \$100 (\$50 if associated with a nonprofit organization). Fees are deposited into the state General Fund.

Background: During FY 2006, the Commission collected \$160,209 in fee revenue from registrants.

(Revised) *Political Contributions* - The bill applies prohibitions on political contributions to an individual who holds state office other than a judicial office. Violations under this section are punishable by a civil penalty of two times the contribution received or \$1,000 plus investigations costs.

(Revised) *Penalty Provision* - If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class D felony is \$10,000.

Explanation of Local Expenditures: (Revised) *Penalty Provision:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

Explanation of Local Revenues: (Revised) *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, the amounts would likely be small.

State Agencies Affected: Lobby Registration Commission; Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: State Budget Agency: *FY2006 General and Rainy Day Fund Summaries*; State of Indiana: *List of Appropriations July 1, 2005, to June 30, 2007*; <http://www.in.gov/ilrc/forms/index.html>.

Fiscal Analyst: Chris Baker, 317-232-9851.